

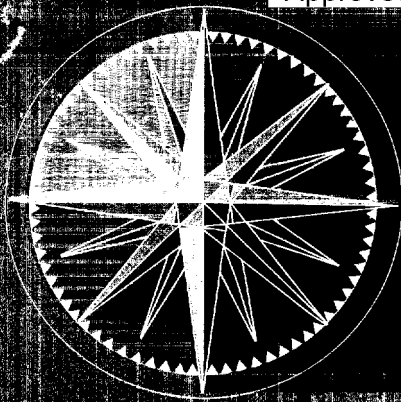
**SECRET**

Approved For Release 2008/07/31 : CIA-RDP79-00927A004200080003-7

25 October 1963

OCI No. 0303/63B

Copy No. 70



# SPECIAL REPORT

## BRITAIN'S MALAYSIA POLICY

DIA review  
completed.

State Dept. review completed

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

**SECRET**

25X1

GROUP 1 Excluded from automatic  
downgrading and declassification

Approved For Release 2008/07/31 : CIA-RDP79-00927A004200080003-7

Approved For Release 2008/07/31 : CIA-RDP79-00927A004200080003-7

**Page Denied**

Approved For Release 2008/07/31 : CIA-RDP79-00927A004200080003-7

**SECRET**

25 October 1963

**BRITAIN'S MALAYSIA POLICY**

The British Government considers itself obliged to protect Malaysia against Indonesia's expansionist "confrontation" policy, partly because of the UK's commitments under the Anglo-Malaysian defense agreement and partly because it feels itself morally bound to help Malaysia get off to a good start. With sizable forces in the area, London is prepared to use them, if necessary, to prevent Sukarno from achieving his stated objectives of "crushing Malaysia" and eliminating Western bases there. Britain's long-term policy, however, has been to reduce military expenditures in Southeast Asia, and a long campaign against a determined Indonesian effort to destroy Malaysia might put an unacceptable strain on its already thinly spread military capabilities. Thus London, aware of the broader Western and US interests in the area, will be inclined to explore every avenue for a peaceful settlement before resorting to force.

The Defense Commitment

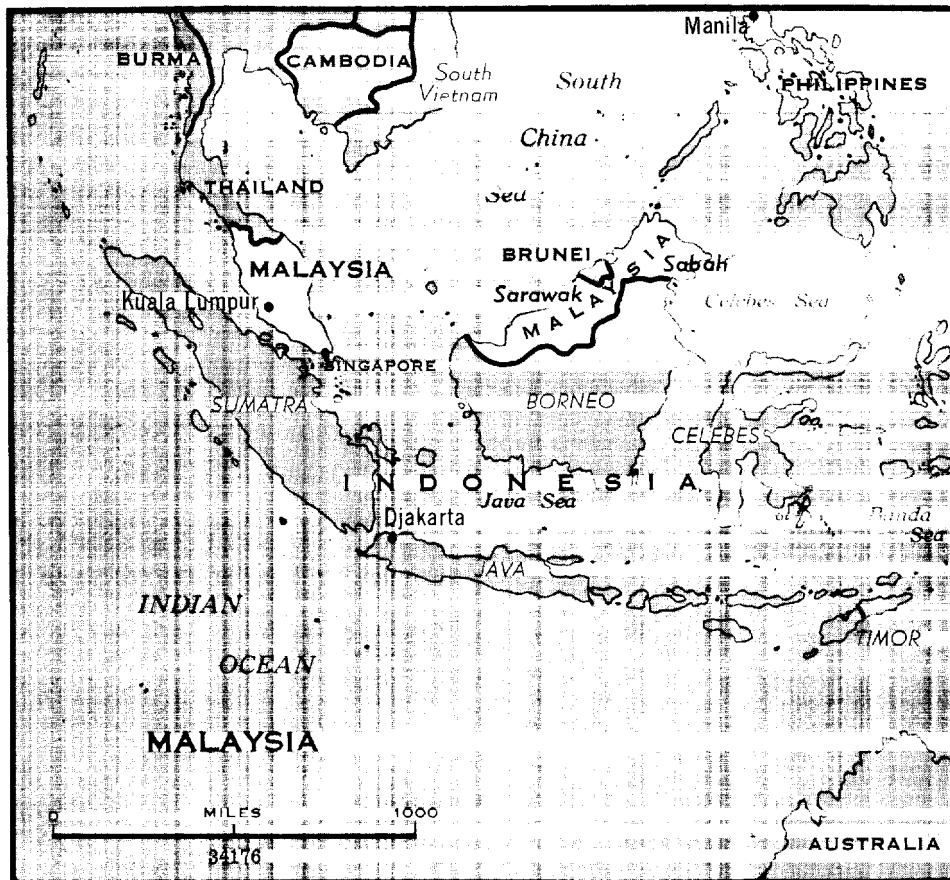
Britain's formal commitment to the defense of Malaysia stems from the Anglo-Malayan defense agreement of October 1957, negotiated at the time the Federation of Malaya became an independent country within the Commonwealth. During the Malayan-British discussions on the creation of Malaysia, a declaration of intentions of November 1961 extended the British commitment to all of Malaysia and provided for continued British use of the base at Singapore. Australia and New Zealand associated themselves with both agreements insofar as the terms concerned them.

The 1957 agreement provided for British assistance in Malayan external defense, British training of the Federation defense

forces, and the stationing in Malaya of the forces needed to fulfill Britain's Commonwealth and international obligations. The two parties agreed to cooperate in the event of an armed attack on Malaya or on British Far East forces or territories, and to consult in the event of a threat to peace in the Far East. In the event of a threat to peace elsewhere, the UK could withdraw its forces from Malaya but could not use Malayan bases operationally without Malayan agreement.

With respect to Singapore, the 1961 declaration stated that the UK would keep its base for the defense of Malaysia and of Commonwealth territories and "for the preservation of the peace of Southeast Asia," thus giving Britain freer use of Singapore for operations in non-Commonwealth regions of

**SECRET**



**SECRET**

the area than it enjoys with respect to its Malayan bases.

Because of widespread (antipathy among Malaysians to any involvement with SEATO, Prime Minister Rahman in April 1961 publicly forbade any deployment of British or Commonwealth forces stationed in Malaya in support of SEATO military operations. Privately, Rahman assured London in an informal "gentlemen's agreement" that his public ban on SEATO use of the bases would not interfere with Commonwealth military action, whether SEATO-connected or not, and asserted that as long as he remained prime minister, Malaysia would create no difficulties for the UK military command.

At the time of the Brunei revolt in December 1962, when the British deployed troops from Singapore and sent 14 warships to assist in crushing the rebels, Rahman invoked Article 6 of the defense agreement which provided for UK-Federation consultation on joint or separate measures under emergency circumstances. Although the Brunei alert of part of the UK strategic reserve in England was relaxed last February, the British kept their forces in North Borneo and recently augmented them because of increasing Indonesian infiltration and guerrilla activity in opposition to the creation of Malaysia.

Forces And Capabilities

The British maintain in the Malaysia area their most powerful military force outside of Europe. There are about 13,500 ground troops in Singapore--of which an estimated 8,000 British and Gurkhas now are on security duty in Sabah (formerly North Borneo) and Sarawak--and in Malaya there is the 2,800-man Commonwealth Brigade, consisting of one British, one New Zealand, and two Australian battalions. The 6,000-man Commonwealth Far East Air Force in Malaya is primarily British, including 58 jet fighters, 28 bombers, 56 transports, and 15 helicopters. Principal Commonwealth naval units based at Singapore are an aircraft carrier, an amphibious assault ship, a light cruiser, about 9 destroyer types, and 4 operational submarines. In addition, there are approximately 7,000 British and Gurkha troops in Hong Kong.

Although these forces in place in the area are sizable and could, to a limited extent, be augmented by the Strategic Reserve in England in an emergency, Britain probably would be hard put to counter a long-drawn-out guerrilla campaign such as the Indonesians apparently plan to continue in the Borneo territories. Moreover, any actual conflict would curtail London's capabilities to respond to other demands

**SECRET**

**SECRET**

where it has commitments, such as the Persian Gulf or Western Europe, and Britain's strength overseas, already thinly spread, may soon feel the effects of the serious decrease in army recruiting.

Before the current Malaysia situation became acute--during a 1962 British military attachés' conference in Singapore--the Deputy Commissioner General for Southeast Asia admitted that the British were playing nothing but a supporting role for the US Army in that area. When the unified command for British military forces in the Far East was established a year ago, one of its first tasks was to expedite detailed planning of British and Commonwealth participation--under US operational command--in any future hostilities engaged in by SEATO.

The UK must consider several uncertainties regarding its future military stance in the area--whether Malaysia's joining with the Philippines and Indonesia in "Maphilindo" affects the UK-Malayan Defense agreement, whether [redacted] Rahman will live up to the supplementary "gentlemen's agreement," and what will happen when he goes. The Tunku's statement last August that the defense agreement with UK was not permanent and could be revoked by either party obviously disturbed London [redacted]

Australia and New Zealand are committed to defend Malaysia against both overt military attack and Indonesian-inspired subversion. While their commitment is clear-cut and is in accord with prevailing public sentiment, both countries will probably confine their military operations, for the next few months at least, to Malaya and Singapore as they have in the past. Should the situation worsen, however, both will be prepared to play a more extensive role. In Australia particularly there is a strong feeling that if Sukarno is not stopped in his anti-Malaysian campaign, he will subsequently move against Australian New Guinea and eventually attempt to extend Indonesian domination to the other island areas lying between Australia and Japan.

London's Views on Sukarno

There is no question of the depth of Britain's feelings regarding Sukarno, nor is London operating under any illusions regarding the seriousness of the Indonesian-Malaysian confrontation. A Commonwealth Relations Office official has quoted Lord Home as

25X1

25X6

25X1

25X1

**SECRET**

describing Sukarno as "worse than a Communist because the Russians represent one kind of Communism, the Chinese another, but Sukarno is both and is a fascist to boot."

London in general regards Sukarno as its Castro and is convinced that Djakarta is out to destroy Malaysia--if not this year, then next--and to eliminate the Singapore bases. The British Government thinks that further concessions are worse than useless as they would encourage rather than deter Sukarno and also create serious domestic political difficulties in Malaysia, which is a major consideration in British thinking.

A Stiffening Policy

Despite its claim of harboring no illusions about the situation, London has been chary of specifying just how and in what circumstances it would "act forcefully" to counter continued Indonesian obstructionism and subversion of Malaysia. Moreover, its policy has tended to appear essentially negative since it views the problem as a long-term one with no prospect of any early solution. Returning home after the formation of Malaysia, Commonwealth Relations Secretary Sandys on 21 September simply parried a question about the possibility of Britain's increasing its commitments because of the difficulties in the area.

London has apparently also relied to some extent on the hope that Djakarta would not break relations or push too hard, and that the US would be able to restrain Sukarno. If these hopes are disappointed, Britain has said it would encourage the Malaysian Government to turn, initially at least, to the UN and ask for a peace-keeping force on the border.

Recently there has been evidence of a stiffening attitude. It is likely that the Indonesian abuse of the ambassador and the embassy in Djakarta, and the consequent deeper involvement of British prestige, contributed to this change.

British ships and planes have been instructed to refrain from entering what Indonesians regard as their territorial waters--they claim a 12-mile limit--but if British lives or property are endangered, or if Malaysian shipping is molested, protection will be afforded to the point of direct engagement with Indonesian naval vessels. The British, moreover, are determined to take military and other counter-measures against the increased infiltration and subversive action expected to be taken by the Indonesians in Sabah and Sarawak, but at present they see no evidence of this increased Indonesian activity leading to more serious hostilities.

**SECRET**

**SECRET**

There continues to be British reservations regarding US support of Thai efforts to bring about a tripartite foreign ministers' meeting or even a summit meeting to lessen tension in the area. The British doubt the value of either approach at this time, as they are fearful that Rahman would be outmaneuvered by the other two participants--as he was at the Maphilindo conference.

London, however, must be painfully aware of the costs of fulfilling its commitments in the area should Sukarno remain opposed. One of the main objectives of the Malaysia plan was to reduce military expenditures throughout Southeast Asia in accordance with a Macmillan directive to the Foreign Office in 1961. This may explain the apparently ungenerous response to Malaya's request for aid in expanding its defense forces for its Malaysia requirements.

The UK now is giving Malaysia total aid approximating \$84 million during the three years 1963-65; of this, \$50.4 million is the estimated value of buildings and equipment turned over and military training assistance. No cost figure is available for the promise to raise, train, and maintain until the end of 1965 two Malaysian battalions to be formed in Borneo. The UK contribution to the defense program will be reviewed in 1965.

In 1962 the British were spending \$420 million per year to maintain their military forces in the Far East--\$140 million on the services, and \$280 million on back-up machinery in the UK.

The Critical Gap

It is evident, therefore, that London has been wrestling with a critical gap--between its commitments in the Malaysian areas and its capabilities. Britain has fought hard for what it considered good reasons to establish Malaysia, and it feels morally committed to see the project through. It feels a sense of responsibility for the

Borneans, whom it wishes not to abandon in an area of intrigue and subversion. There are substantial economic investments in Malaysia and a number of the high-ranking Malaysian civil and military service officials are from Britain or the Commonwealth. Finally, London has always considered the Singapore base vital to Britain's strategic position in Southeast Asia, the South Pacific, and the Far East; and it has repeatedly affirmed its intention to stay there.

Given the conflicting considerations involved, it must be recognized that any firm conclusions regarding Britain's ultimate intentions in the Malaysian dispute would of necessity

25X6

**SECRET**



**SECRET**

be highly speculative, [REDACTED]

[REDACTED]

In formulating a course of action London must also consider such factors as prestige, its international commitments elsewhere, and its long-range strategic aims. An additional fact which should not be overlooked is that ultimate decisions may fall to a Labor government, and Labor Party

pronouncements on Malaysia and Far East problems.

25X6

Finally, and perhaps decisively, whatever London might like to do in the confrontation with Sukarno, it is fully aware that any workable policy would have to have the acquiescence if not the active support of Washington. Britain thinks that US and UK policies can be mutually supporting while recognizing they cannot be identical. It is hard to imagine, therefore, any British cabinet now embarking on a Suez-type venture in an area so remote from British centers of power. [REDACTED]

25X1

25X1

\* \* \*

**SECRET**

Approved For Release 2008/07/31 : CIA-RDP79-00927A004200080003-7

**SECRET**

Approved For Release 2008/07/31 : CIA-RDP79-00927A004200080003-7